

Volume IV, Section 1 – Direct Loan Phase-In Participant Implementation Guide

Overview

This section provides assistance to Direct Loan Schools, Third Party Servicers, and Software Providers with implementing the COD System changes for Phase-In Participants for the 2004–2005 award year. It describes 2004–2005 Direct Loan modifications and serves as a companion to the record layouts and edits contained in Volume IV, Section 3, Direct Loan Phase-In Participant Fixed-Length Record Layouts, and Volume IV, Section 4 Direct Loan Phase-In Participant Edits.

The 2004-2005 Direct Loan modifications are as follows:

- Extended Full Participant Deadline
- Yearly Parameters
- Automatic Recalculation of Anticipated Disbursements
- SAIG Transmission Header
- PLUS Borrower SSN Edit 85

If you have questions regarding the material in this section, please call the COD School Relations Center between the hours of 9 a.m. and 5 p.m. (ET) at:

- 1-800-848-0978

2004-2005 Direct Loan Modifications

Extended Full Participant Deadline

2004-2005 Modification: The Full Participant deadline has been extended from award year 2004-2005 to award year 2005-2006. Schools can continue to process as Phase-In Participants for the 2004-2005 award year.

Business Rules:

- 1) The COD System will continue to process Phase-In Participant fixed-length, flat file records for 2004-2005.
- 2) All schools will be required to process as Full Participants for the 2005-2006 award year.

Yearly Parameters

For each school year, certain parameter data is updated to display the values that will be used for that school year. Listed below are the tables that contain data that is specific to a school year.

Field	Minimum Value	Maximum Value
Award Begin Date	07/02/2003	06/30/2005
Award End Date	07/01/2004	06/29/2006
Academic Year Start Date	07/02/2003	06/30/2005
Academic Year End Date	07/01/2004	06/29/2006
Date of Birth	01/01/1905	12/31/1996
Disbursement Date	06/22/2003	10/27/2006

Depending on your funding method, you are allowed to submit actual disbursement records to COD in advance of the actual disbursement date. Refer to Volume 8, Section 2 – Funding Methods for more information on the business rules for each Funding Method and Funding Control Status.

Automatic Recalculation of Anticipated Disbursements

2004-2005 Modification: Anticipated disbursement information may be recalculated by the COD System when the school submits a change to the Direct Loan Award Amount on an existing award.

Business Rules:

- 1) If a new Award Amount is less than the sum of the anticipated disbursements and the sum of the actual disbursements is equal to \$0, the COD System will recalculate the anticipated disbursements until the sum of the anticipated disbursements is equal to the new Award Amount.
 - a. The COD System recalculates the anticipated disbursements by first reducing the last anticipated disbursement (highest disbursement number) and then reducing each of the previous disbursement amounts as needed. See EXAMPLE #1.
 - b. The COD System will not recalculate the anticipated disbursements when the school submits both a reduction to the Award Amount and adjustments to the anticipated disbursements in the same submission to the COD System.
- 2) If an accepted Award Amount is less than the original Award Amount, but greater than the sum of the anticipated disbursements, the anticipated disbursements will not be recalculated by the COD System. See EXAMPLE #2.
- 3) If the Award Amount is reduced to \$0 and the sum of the actual disbursements is equal to \$0, the COD System will automatically reduce all anticipated disbursements to \$0 to allow loan inactivation. See EXAMPLE 3.

Examples:

EXAMPLE #1:

The award amount changes from \$6000 to \$1500 on award with no actual disbursements on file. The anticipated disbursements are recalculated as follows:

Disbursement Number	Previous Anticipated Disbursement Amount	New Anticipated Disbursement Amount
1	\$2000	\$1500
2	\$2000	\$0

3	\$2000	\$0
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The award amount changes from \$6000 to \$3000 on an award with no actual disbursements on file. The anticipated disbursements are recalculated as follows:

Disbursement Number	Previous Anticipated Disbursement Amount	New Anticipated Disbursement Amount
1	\$2000	\$2000
2	\$2000	\$1000
3	\$2000	\$0

EXAMPLE #2:

The award amount changes from \$6000 to \$8000 on an award with no actual disbursements on file. The anticipated disbursements are not recalculated since the sum of the anticipated disbursements is less than the new award amount.

Disbursement Number	Previous Anticipated Disbursement Amount	New Anticipated Disbursement Amount
1	\$2000	\$2000
2	\$2000	\$2000
3	\$2000	\$2000

EXAMPLE #3:

The award amount changes from \$6000 to \$0 on an award with no actual disbursements on file. The COD System reduces all anticipated disbursements to zero and inactivates the loan.

Disbursement Number	Previous Anticipated Disbursement Amount	New Anticipated Disbursement Amount
1	\$2000	\$0
2	\$2000	\$0
3	\$2000	\$0

SAIG Transmission Header

2004-2005 Modification: Beginning in award year 2004-2005, SAIG has expanded the variable length Batch Number field on the SAIG Transmission batch header (O*N05) and trailer (O*N95) from positions 42 – 67 to positions 42 -91.

- a. Positions 42 – 61 are reserved for school use.
- b. Positions 62 – 91 are reserved for Department of Education use.
- c. COD populates positions 62 – 91 with the 30 character Batch ID on all acknowledgement records. If the school populates any data in positions 62-91 on the incoming record, COD will overwrite this data with the Batch ID on the acknowledgement record.

Note: EDConnect users **must** upgrade to EDConnect version 5.3 or higher in order for their records not to reject.

PLUS Borrower SSN Edit 85

2004-2005 Modification: Beginning in 2004-2005, Phase-In Participant reject edit code 85 will trigger when an SSN change is submitted for a PLUS Borrower with a valid credit check and accepted PLUS award. Since no credit check will have been performed on the new SSN, schools cannot change the SSN of a PLUS Borrower. If a schools needs to change the SSN of a PLUS Borrower, they should perform a credit check on the new SSN and originate a new PLUS award.

Note: For more information on Phase-In Participant edit code 85, please refer to Volume IV, Section 4 – Direct Loan Phase-In Participant Edit Codes and Descriptions